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Report of the Trade and Development Board on its resumed fifty-second session*

Geneva, 7 November 2005

* The present document is an advance version of the report of the Trade and Development Board on its resumed fifty-second session, held at the United Nations Office at Geneva on 7 November 2005. It will appear in final form, together with the reports on the thirty-sixth and thirty-seventh executive sessions, the twenty-second special session of the Board and its fifty-second session, as *Official Records of the General Assembly, Sixtieth Session, Supplement No. 15* (A/60/15).

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Introduction

(i) The Trade and Development Board held its fifty-second session at the Palais des Nations, Geneva, from 3 to 14 October 2005. At that session, the report on which is contained in document TD/B/52/10(Vol. I), the Board decided to hold a resumed session to finalize its work.

(ii) The resumed fifty-second session of the Trade and Development Board was held at the Palais des Nations, Geneva, on 7 November 2005. In the course of the resumed session, the Board held one plenary meeting – the 978th meeting.

(iii) The report to the United Nations General Assembly on the resumed session has been prepared in accordance with the guidelines adopted by the Board in the annex to its decision 302 (XXIX) of 21 September 1984. The report records the action by the Board on substantive items of its agenda.

(iv) Volume II of the report of the Board on its fifty-second session – to be issued subsequently in TD/B/52/10(Vol. II) – will reflect the statements made in the course of the session on the various items of the agenda.

Action by the Trade and Development Board on substantive items on its agenda

A. Economic development in Africa: The role of foreign direct investment in growth and development

Agreed conclusions 484 (LII)

The Trade and Development Board,

1. *Recalled* the commitment made by world leaders in the 2005 World Summit Outcome to eradicate poverty and achieve global prosperity for all and *affirmed* that development is a central goal; *particularly welcomed* the attention given to the special needs of Africa and the endorsement of ongoing policy reforms across the region, including through the New Partnership for Africa's Development (NEPAD), and the substantial progress by African countries in fulfilling their NEPAD commitments, and *emphasized* the need to carry forward their implementation;

2. *Noted* the 2005 World Summit Outcome, where world leaders: were encouraged by recent commitments to substantial increases in official development assistance and the increased resources that will become available as a result of the establishment of timetables by many developed countries; welcomed recent efforts and initiatives to enhance the quality of aid and increase its impact; reaffirmed that each country must take primary responsibility for its own development and that the role of national policies and development strategies cannot be overemphasized in the achievement of sustainable development; and reaffirmed the commitment to sound policies, good governance at all levels and the rule of law, to mobilizing domestic resources, attracting international flows, promoting international trade as an engine for development, sustainable debt financing and external debt relief, and enhancing the coherence and consistency of the international monetary, financial and trading systems;

3. *Recognized* that African countries have sought to attract productive foreign direct investment (FDI), with the objective of contributing to the enhancement of the economy and to long-term development, by alleviating resource constraints, and helping to avoid further indebtedness, create jobs, acquire new technologies, build linkages with the rest of the economy, crowd in domestic investment, stimulate new export opportunities and reduce poverty;

4. In this context *welcomed* the lively debate stimulated by the report of the UNCTAD secretariat entitled *Economic Development in Africa: Rethinking the Role of Foreign Direct Investment*, with a view to reconsidering what might be needed to make FDI in Africa more effective, productive and beneficial;

5. *Noted* that although average annual FDI flows increased from about $2 billion in the 1980s to about $18 billion in 2003 and 2004, the continent's share of global FDI has actually declined over the past three decades; *also noted* that up to 80 per cent of total FDI to Africa is going into extractive sectors and, owing to their capital-intensive nature, has not generated all of the desired

benefits; and in this regard, *underscored* the need to encourage greater productive direct investment, including foreign investment, in African countries to support their development activities and to enhance the benefits they can derive from such investments;

6. Recalling paragraph 26 of the 2005 World Summit Outcome, *emphasized* the great importance of a timely, effective, comprehensive and durable solution to the debt problems of African countries, since debt financing and relief can be an important source of capital for development;

7. *Acknowledged* that developing country efforts to achieve and maintain debt sustainability should be supported by international assistance in the area of debt management and, where appropriate, by consideration of the provision of concessional finance and modification, including reduction of aid conditionalities;

8. *Noted further* that FDI can complement domestic investment by enhancing human and physical infrastructure, thus giving the necessary impetus to ensure higher levels of growth to attain the Millennium Development Goals (MDGs), including poverty reduction; and *encouraged* the creation of an environment conducive to both domestic and foreign direct investment;

9. *Urged* policymakers, in their efforts to attract FDI, to adopt a strategic and tailored approach to take into account African economic conditions and development challenges in order to capture the positive corporate contributions to development; and *recalled* the São Paulo Consensus, which states that "private firms are important agents of development throughout the world. Within their respective spheres of action, corporate actors, especially transnational corporations (TNCs), have an important role in supporting technology transfer, supplier linkages and the provision of access to export markets for developing countries. Corporate responsibility was recognized at the Johannesburg World Summit on Sustainable Development. In this regard, corporate actors have a positive role to play in stimulating the economic development of host countries and in supporting social and environmental development and the competitiveness of local enterprises. There are various voluntary international instruments that could be improved and made more coherent, covering economic, social and environmental dimensions, to help increase the contribution of corporate actors, especially TNCs, to the advancement of development goals";

10. *Recalled* the relevant paragraphs of the São Paulo Consensus, and *recognized* the African countries' need for suitable scope for strategic nationally-designed and owned policies with a view to their beneficial integration into the global economy, enabled and supported by a conducive international environment;

11. *Encouraged* African Governments to undertake policies to attract FDI and increase its benefits for Africa while achieving sustainable development; in this regard, a regional coordinated approach might be useful;

12. *Underscored* that rapid export growth is a critical component in the design of African trade and development strategies, a contributor to which should be regional trade arrangements (RTAs) within the multilateral trading system; it is recognized that RTAs have many advantages,

including improved trade and investment linkages, larger markets to attract FDI, including from other developing countries, and an enhanced relationship with TNCs through harmonized policies, coordinated tax and other incentives, and improved regulation of corporations;

13. *Welcomed* the Second South Summit held in Qatar in June 2005 and *noted* paragraphs 88 and 89 of its Doha Plan of Action, which request UNCTAD, the Chair of the G77 and the Special Unit for South–South cooperation to organize periodically a forum on investments among the countries of the South; and *considered* that this would be an appropriate issue for discussion at the next session of the Commission on Investment, Technology and Related Financial Issues;

14. *Noted further* the potential for expanding South–South cooperation, including through the operationalization of the New Asian–African Strategic Partnership (NAASP);

15. *Noted* the Commission for Africa Report, *inter alia* its recognition that the quality of government policies hinges on strong local state capacities and the need for a more creative and flexible approach to promoting long-term growth and lending;

16. *Agreed* that UNCTAD should, within its mandate, continue to undertake in-depth analysis and provide policy advice on African development, including attaining sustainable growth and development with the objective of achieving the MDGs; this should be further complemented by consensus building and technical assistance.

978th plenary meeting
7 November 2005

B. Other business: Venue for UNCTAD XII

Decision 485 (LII)

The Trade and Development Board warmly welcomes the generous offer of Ghana to host UNCTAD XII in 2008.

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7 November 2005